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Pandor Hadjy
Assistant Deputy Administrator
Business Programs, RBS,
Room 5050 South Agriculture Building, Stop 3220
1400 Independence Avenue, SW.,
Washington, D.C. 20250-3220,
telephone: 202-720-9693.

RE: Section 9006 Implementation

To the Rural Business Service:

FPC is a small business located in rural north central Illinois, developing wind and solar energy projects both to serve the load of our customers and to provide bulk power for sale to the electric distribution grid. We are pleased to see USDA moving forward with the process of implementing Section 9006 of the Farm Bill, and encourage the department to continue to do so as quickly as possible via either immediate rules or via a Notice of Funding Availability.

From our perspective as a small business in renewable energy in rural Illinois, we see several key opportunities for Section 9006, and we recommend the following types of projects as eligible for grants, loans and/or loan guarantees under the section.

1. Farm, Ranch and Rural Small Business Energy Efficiency Projects:

Farmers, ranchers and rural small businesses should be eligible to apply for grants, loans and loan guarantees for the cost of onsite energy-efficiency projects. Such projects could include, but would not be limited to: energy efficiency upgrades for pumps and motors for dairy operations and water and irrigation pumping equipment; energy efficient lighting and motor systems upgrades utilizing Energy Star® and other nationally rated energy-efficient equipment; energy efficiency upgrades to a residence located on a farm or ranch; and/or onsite energy efficiency audits.

Our business is primarily a renewable energy concern, but integrating energy efficiency opportunities with renewable energy production often enhances the economic viability of total energy projects.

2. Distributed Generation Small-Scale Renewable Energy Projects:

Farmers, ranchers and rural small businesses may apply for grants, loans and/or loan guarantees for wind, solar, and biomass gasification projects for projects up to \$100,000 in total cost. Grants shall not exceed \$25,000 under this subsection. The primary purpose of this subsection is to support the growth of renewable distributed generation projects serving the project owners' own electric load.

Our business has had some success in marketing renewable energy products to organic farms, and such a grant/loan program, in conjunction with the grant program already administered by the Illinois Department of Commerce and Community Affairs would be a powerful driver for really opening up the market for such projects. Loans and loan guarantees will also help lower costs of production and should be available and encouraged.

3. "Wind Energy Cash Crop" Grants, Loans, and Loan Guarantees:

Farmers, ranchers, and rural small businesses may apply for grants, loans, and loan guarantees for wind projects with a nameplate capacity between 70 kW and 10 MW. The primary purpose such a program is to support the development of wind projects where the owner seeks to market bulk renewable power through the electric distribution grid and where the wind energy production is therefore a "cash crop" similar to other farm commodities. Grants would not need to exceed 15% of the total project cost, and loans and loan guarantees may not exceed 50% of the total project cost.

We recommend support for such large "utility-scale" wind projects because we believe this program of grants, loans, and loan guarantees can demonstrate practical business models for projects of this scale, as well as significant rural economic development benefits. Locally-owned projects in the range of 1 MW to 10 MW are very likely to use local planning and construction contractors and therefore maximize local economic development benefits. Furthermore, with existing grant programs such as that offered by the Illinois Department of Commerce and Community Affairs, the market could really be significantly boosted for such projects.

We do not, however, recommend support for projects larger than 10 MW. Developers of projects larger than 10 MW tend to have access to capital and financial expertise that lower their need for financial support relative to smaller project developers such as FPC. Furthermore, projects much larger than 10 MW are likely to conflict with the definition of a rural small business as one with gross annual revenues of under \$1 million.

We'd like to thank the USDA for this opportunity to comment on the implementation of Section 9006, and look forward to the successful implementation of the Energy Title.

Sincerely,

Bruce Papiech
Joyce Papiech

